

## 1973 VOLUNTARY WHEAT PROGRAM\*

by

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(Items marked ► are different from 1972 regulations)

### 1. What are the objectives of the wheat program?

The 1970 Agricultural Act provided operational guidelines for the 1971-73 crops. The four basic objectives of the Agricultural Act of 1970 were: (1) to give farmers more flexibility in making their farm operating decisions, (2) to protect farm income, (3) to keep agricultural production in line with anticipated needs, and (4) to put a greater reliance on the marketplace as the principle source of farm income. This publication will cover provisions as they apply to the 1973 wheat crop.

### ► 2. How will these objectives be accomplished?

Methods to be used in 1973 include: (1) a wheat allotment of 18.7 million acres, (2) a set-aside to conserving uses of 86 percent of the wheat allotment, (3) freedom to plant as much wheat as desired or not to plant wheat (failure to plant wheat on 90 percent of the wheat allotment or an authorized substitute may reduce allotments next year), (4) marketing certificate payments, (5) commodity loans for participants, and (6) opportunity to set aside additional acreage which will reduce 1973 wheat acreage.

### ► 3. What major points should a farmer consider in deciding whether or not to participate?

Farmers will want to consider the following when making their decision: (1) size of their wheat allotment, (2) amount of required set-aside to conserving uses, (3) value of marketing certificates, (4) loan rate, (5) expected market price, (6) expected yields, (7) maintaining the conserving base for the farm, (8) any advantage of substituting feed grains or soybeans to conserve the wheat allotment, (9) participation in additional set-aside, (10) personal values, etc.

### ► 4. What is the wheat carryover?

There was an 865 million bushel carryover July 1, 1972--an increase above the 730 million bushels of a year ago due to less feed use and weaker export demand. The carryover July 1, 1973 is expected to be lower as a result of relatively constant domestic use and larger exports due largely to the U.S.S.R. sales.

### ► 5. What are the signup dates for the wheat program?

Signup will be at the same time as the feed grain program at ASCS county offices.

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\* Prepared August 28, 1972. Changes in regulations may occur that might change some of the answers.

6. Who may participate?

All producers who receive a 1973 wheat allotment.

7. What is required for participation in the program?

Producers with wheat allotments may participate in the 1973 voluntary wheat program by, (1) signing up at the County ASCS office during the enrollment period, (2) meeting the set-aside requirement, (3) maintaining the conserving base acres, and (4) certifying of acreage. An option for additional set-aside acreage is available.

8. What will participants receive?

Participants are eligible for wheat price support loans and will receive certificate payments on the projected production. Projected production is based on the established farm yield and wheat allotment. Non-participants are ineligible for these benefits. Participants voluntarily setting aside additional acreage are eligible for additional payments.

9. What are wheat certificates?

Wheat certificates are the means by which payments are made to participating farmers. The payment per bushel on the projected production will be the difference between 100 percent of parity and the national average market price received by farmers during the first five months of the marketing year which begins on July 1, 1973.

10. What is the wheat allotment?

The wheat allotment totals 18.7 million acres for 1973. The 1973 Ohio wheat allotment will be 482,742 acres compared to 515,710 acres in 1972. The wheat allotment is the acreage considered necessary to meet the domestic food needs and does not include wheat to be fed and wheat exported.

11. What is the penalty for overplanting the farm wheat allotment?

There is no penalty for overplanting the wheat allotment. After the set-aside requirement is met, any crop can be planted (except tobacco in excess of the poundage quota) by Ohio farmers in any quantity the producer desires.

12. What happens if a producer does not plant wheat?

Failure to plant wheat on at least 90 percent of the wheat allotment, or be considered to have planted one of the approved substitutes of corn, barley, grain sorghum, or soybeans can result in the loss of up to 20 percent of the farm's 1974 wheat allotment. If no wheat or authorized substitute is planted for three consecutive years the entire wheat allotment can be lost. Lost allotments are reallocated to other wheat farms.

13. Can corn or feed grains be substituted for wheat to prevent loss of the wheat allotment?

Yes, feed grains in excess of one-half of the total feed grain base may be used to prevent loss of the wheat allotment.

Farmer A has a corn (feed grain) base of 100 acres and a wheat allotment of 15 acres. He plants 65 acres to corn. He can use 50 acres of the corn acreage to protect his feed grain base and 15 acres to protect his wheat allotment.

14. Will soybean acreage protect the wheat allotment?

Yes, acreage devoted to soybeans can be considered planted to wheat to prevent loss of the wheat allotment.

15. Is there any other way to protect the wheat allotment?

Yes, producers can meet the set-aside requirements for the farm and elect to receive no payment and can maintain the wheat allotment.

16. What is required to substitute wheat to protect the feed grain base in 1973?

Wheat acreage in excess of the wheat allotment may be used to prevent loss of the feed grain base.

17. Can I grow oats and rye to substitute for wheat?

No. Spring wheat, oats, and rye acreage cannot be used to prevent loss of the feed grain base or the wheat allotment. Barley is considered a feed grain in the 1973 feed grain program.

#### COMPLIANCE

18. Does a farmer need to comply with both the wheat allotment and feed grain base to be eligible for full wheat program benefits?

The two programs operate separately. There is no offsetting compliance requirement between feed grains and wheat. Cross-compliance is required between the tobacco and wheat allotments.

19. Does a tenant operating a number of farms or a landlord owning a number of farms have to comply with all the wheat allotments on all the farms to participate in the program?

No, each farm is considered separately.

#### SET-ASIDE

► 20. Must every farmer desiring to participate set aside acreage to conserving uses?

Yes, participants must set aside an acreage equal to 86 percent of his 1973 wheat allotment to conserving uses. This acreage must be in addition to his conserving base acreage.

Farmer A with a 1973 wheat allotment of 15 acres, must set aside 12.9 acres to be eligible for program benefits.

► 21. Can additional acreage be diverted to earn additional payments?

Yes, a grower may set aside additional acreage contingent upon his 1972 wheat acreage. Up to 150 percent of the allotment may be set-aside acreage in return for a payment of 88 cents per bushel times established yield times acres of additional set-aside. By accepting the additional set-aside payment, the grower agrees to limit his production of 1973 wheat. For full details, see your County ASCS office.

► 22. Are there different wheat options?

Yes. Participants may (1) maintain the required set-aside and conserving acreage with no limit on wheat acreage or no need to plant wheat if an approved substitute is planted on the wheat allotment, or (2) maintain the required set-aside and conserving acreage with additional set-aside and limit wheat acreage.

► 23. May I set aside the lowest quality land on my farm?

Sure, but when acreage not representative of land on which the farm's crops are grown is designated as set-aside, a severe reduction in payment will be made reflecting productivity of the set-aside land.

► 24. Can I ask for set-aside measurement and land quality inspection?

This service is offered at cost and will assure acceptability of both quantity and quality.

#### CONSERVING USES

25. What conserving uses are possible for the set-aside acreage?

The ASCS committee approved conserving uses may vary from county to county, but they generally include: (1) permanent-type cover of grasses and legumes, (2) temporary cover of grasses or legumes, (3) wildlife food habitat plantings, (4) trees and shrubs for forestry purposes the first year it is planted, and (5) clean tillage (summer fallow).

26. May the wheat acreage set aside to conserving uses be harvested or grazed?

You cannot harvest any crop from land specifically designated as set-aside during 1973. Grazing is prohibited between April 1 and September 1, 1973. Planting a fall crop is permitted at normal seeding time because it will be harvested in 1974.

► 27. Can the farm's conserving base acreage be harvested or grazed?

Yes, hay and perennial legume or grass seed may be harvested from the conserving base acreage or the acreage may be grazed. Note, however, that we are not talking about the wheat or feed grain acreage set aside to conserving uses--rather only the farm's conserving base acreage.

28. Can I break out non-cropland for cropland uses?

Yes, however the cropland broken out will represent an increase in the conserving base, as determined by the County ASCS committee.

PRICE SUPPORTS

29. What is the loan rate for the 1973 wheat crop?

The price support loan or purchased rate in the U.S. will average \$1.25 per bushel for the 1973 wheat crop. In Ohio, it will vary by counties from about \$1.18 to \$1.26 per bushel for the 1973 crop.

30. What will be the "net farm price" of wheat placed under loan in "off-farm storage?"

The "net farm price" for wheat is the county loan rate minus the costs necessary to condition and handle the wheat for "off-farm storage." These costs are highly variable and farmers should check storage rates carefully. These charges are between farmers and warehousemen.

31. Can a farmer store the wheat for loan on his farm?

Yes, but the Food and Drug Act regulations must be met.

32. On how many bushels can I get a loan?

Participants complying with the program regulations can receive a loan on the entire 1973 wheat production. All wheat produced is eligible for loan if warehouse-stored; 90 percent of production if farm-stored.

33. At what price will CCC sell wheat?

The CCC sales price has been not less than 115 percent of the national average loan rate adjusted for grade, quality, location, and other factors. This would mean an average U.S. resale price of \$1.44 per bushel.

34. What will be the market price of the 1973 crop?

This will depend upon 1973 wheat production, carryover, domestic demand for food and feed, export demand, CCC selling policy, and the price of corn during the 1973-74 market year. The loan of \$1.25 per bushel and CCC resale price of \$1.44 provide some basic guidelines.

SUPPORT PAYMENTS

▶ 35. What is the value of wheat marketing certificates?

The marketing certificates will be set at the difference between 100 percent of July 1, 1973 parity and the national average market price received by farmers during the first five months of the marketing year beginning on July 1, 1973.

Example: If we assume a parity price for wheat of \$3.10 per bushel next July 1 (parity was \$3.02 on July 1, 1972) and an average (July-November, 1973) market price of \$1.40, the value of the market certificate would be \$1.70 per bushel.

36. How many marketing certificates does a producer receive?

The total number of marketing certificates is based on the production on the wheat allotment times the projected yield.

Farmer A with a wheat allotment of 15 acres and a projected yield of 40 bushels per acre would receive market certificates for 600 bushels.

37. What would be the value of the marketing certificate?

Using the example in Question 35 and assuming the certificate value next year is \$1.70 per bushel the total value would be \$1,020.00 calculated as follows:

Farmer A would receive \$1,020.00 (600 bushels x \$1.70 per bushel).

38. If there is a crop failure, do I receive the marketing certificates and payment?

Yes, if all the requirements for participation are met. It is not necessary to harvest wheat. Certificates are based on the acres allotted and projected yields--not on bushels harvested. Be sure and check with the County ASCS office to have this type of coverage explained.

39. Is it necessary to plant wheat to receive certificate payments?

No, it is not necessary to plant wheat to receive payments. Participants meeting program requirements can substitute corn, sorghum, barley or soybeans for wheat (see substitution rules) and receive wheat payments and retain the wheat allotment.

40. How will the certificates be divided between landlords and tenants?

They will be divided in the same proportion as the wheat crop is shared, unless other divisions are approved by the County ASCS committee.

41. When will payment be made?

Preliminary payments will be made as soon as practicable after July 1, 1973. These payments will be equal to 75 percent of the estimate of the total payments to be made. The balance of the payment, if any, will be made after December 1. If the estimated preliminary payment is found to be too high, no refund by producers will be required.

42. Is there a limitation on payments?

Payments are limited to a maximum of \$55,000 per person. The limitation applies to certificate payments. It does not apply to loans or CCC purchases.

43. Should I participate in the 1973 Voluntary Wheat Program?

There are many factors to consider and no one answer can be given. The illustration considers (1) non-participation, (2) participation with comparable wheat acreage to the non-participant, and (3) no wheat but with the allotment protected.

Assumptions for this example:

1. The 1973 wheat allotment is 15 acres.
2. A projected yield of 40 bushels per acre.
3. Actual yield is 50 bushels of wheat per acre.
4. Market price is expected to be \$1.40 per bushel at harvest time.
5. The county support price for wheat will average \$1.25 per bushel.
6. The value of marketing certificates is estimated at \$1.70 per bushel.
7. Approved storage is available.
8. Soybean yields of 35 bushels per acre are expected.
9. The open market price of soybeans is estimated at \$3.00 per bushel
10. Soybean acreage is decreased in one example and increased in the other.

1973 LAND USE AND CROPPING PROGRAM (WITH AND WITHOUT PARTICIPATION) FOR  
A 260-ACRE OHIO FARM

	Non- Participant (Acres)	Participant		My Farm
		Maximum Wheat (Acres)	No Wheat (Acres)	
Corn	100.0	100.0	100.0	
Wheat	50.0	50.0	None <sup>a/</sup>	
Soybeans	60.0	47.1 <sup>b/</sup>	97.1 <sup>b/</sup>	
Hay (conserving base)	40.0	40.0	40.0	
Set-aside	--	12.9 <sup>c/</sup>	12.9 <sup>c/</sup>	
Bldg. site, roads, etc.	10.0	10.0	10.0	
Total Acres	260.0	260.0	260.0	

PARTIAL BUDGET  
(Includes only vairable costs)

CASH RECEIPTS

	Constant	Constant	Constant	
Corn (same acreage & yield)				
Wheat @ \$1.40/bu. <u>d/</u>	\$3,500.00 <sup>e/</sup>	\$3,500.00 <sup>e/</sup>	\$ None <sup>a/</sup>	
Marketing Certificates	None	1,020.00 <sup>f/</sup>	1,020.00 <sup>f/</sup>	
Soybeans @ \$3.00/bu.	<u>6,300.00<sup>g/</sup></u>	<u>4,945.50<sup>h/</sup></u>	<u>10,195.50<sup>i/</sup></u>	
(A) Total Receipts	\$9,800.00	\$9,465.50	\$11,215.50	

CASH EXPENSES

	Constant	Constant	Constant	
Corn and hay <u>j/</u>				
Wheat:				
Fuel, oil, & repairs @ \$6.00/ac.	\$ 300.00	\$ 300.00	None	
Fertilizer & lime @ \$12.00/ac.	600.00	600.00		
Seed wheat @ \$4.50/ac.	225.00	225.00		
Harvesting @ \$6.00/ac.	300.00	300.00		
Storage and handling @ \$.10/bu.	250.00	250.00		
Misc. expenses @ \$2.00/ac.	<u>100.00</u>	<u>100.00</u>		
Subtotal	\$1,775.00	\$1,775.00	None	
Soybeans:				
Fuel, oil, & repairs @ \$5.00/ac.	\$ 300.00	\$ 235.50	\$ 485.50	
Fertilizer & lime @ \$6.00/ac.	360.00	282.60	582.60	
Weed control @ \$4.00/ac.	240.00	188.40	388.40	
Seed @ \$4.50/ac.	270.00	211.95	436.95	
Harvesting @ \$7.00/ac.	420.00	329.70	679.70	
Storage and handling @ \$.10/bu.	210.00	164.85	339.85	
Misc. expenses @ \$2.00/ac.	<u>120.00</u>	<u>94.20</u>	<u>194.20</u>	
Subtotal	\$1,920.00	\$1,507.20	\$ 3,107.20	
(B) Total Expenses	\$3,695.00	\$3,282.20 <sup>k/</sup>	\$ 3,107.20 <sup>k/</sup>	

Cash Receipts Less Variable  
Expenses

\$6,105.00      \$6,183.30      \$ 8,108.30

- a/ Soybeans are used to maintain wheat allotment.  
b/ Soybean acreage is varied in this example to provide set aside acreage and differences in wheat acreage. Corn or some other crop could also have been used. Corn was held constant in this example.  
c/ Set aside of 12.9 acres, 86% of allotted 15 acres.  
d/ Straw may be included as a receipt if value exceeds the cost of harvesting.  
e/ 50 acres X 50 bu. = 2,500 bu. X \$1.40 per bu.  
f/ 15 acres X 40 bu. = 600 bu. X \$1.70 per bu.  
g/ 60 acres X 35 bu. = 2,100 bu. X \$3.00 per bu.  
h/ 47.1 acres X 35 bu. = 1,648.5 bu. X \$3.00 per bu.  
i/ 97.1 acres X 35 bu. = 3,398.5 bu. X \$3.00 per bu.  
j/ Same acreage, yield and expenses for all three examples, so does not affect comparisions.  
k/ A cover crop or other costs on set aside acres is not included.

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